

KANSAS RACING AND GAMING COMMISSION

MINUTES – SEPTEMBER 9, 2016

CALL TO ORDER (A.)

Chairman Brandon Jones called the September 9, 2016, meeting to order at 10:00 a.m. The meeting was held in the East Tower Conference Room of the Eisenhower State Office Building, 700 SW Harrison, in Topeka, KS. Commissioners Dennis McKinney, David Moses and Jan Kessinger were also present. Others present included Executive Director Don Brownlee, General Counsel Judith Taylor, Director of IT and Electronic Security Dennis Bachman, Director of Administration, Finance, and Audit Brandi White, Director of Security Larry Moreland, Recording Secretary Chris Vega and other staff.

MOTION, APPROVE AGENDA (B.)

Commissioner McKinney (Moses) moved to approve the agenda. Motion carried unanimously.

MOTION, APPROVE AUGUST 19, 2016 MEETING MINUTES (C.1.)

Commissioner Moses (Kessinger) moved to approve the minutes of the August 19, 2016 meeting. Motion carried unanimously.

INTRODUCTION

Don Brownlee introduced Peter Nikiper. Mr. Nikiper is a representative of BMM Test Labs.

MOTION, APPROVE CONSENT AGENDA (D.1. & D.2.)

Commissioner Kessinger (McKinney) moved to approve the consent agenda. Motion carried unanimously.

LOTTERY GAMING FACILITY REPORTS/ITEMS; BOOT HILL CASINO & RESORT (E.1.a.)

Ryan Deutsch, Assistant General Manager, reported:

- August 2016 admissions were down 5.06% from August 2015.
- August 2016 revenue numbers compared to August 2015:
 - Total gaming revenue up 0.60%
 - Total slot revenue down 0.28%
 - Table games revenue up 7.87%
- Past casino promotions and arena events:
 - Seniors Take 10
 - Stay & Play hotel packages
 - Motorcoach trips
 - Longhorn parties & autographed bat giveaway
 - 3 Card Poker Tournament

- August 12 – Mercy Me
- August 19 – Pepe Aguilar
- August 25 - Styx
- Upcoming casino promotions and arena events:
 - Fall Concert Series
 - September 16 – Noches Mexicanas
 - September 18 – Montgomery Gentry
 - September 23 – Jay Owenhouse, The Authentic Illusionist
 - October 7 – Make America Rock Again Tour
 - November 5 – Battle on Boot Hill (MMA)
 - November 18 – Martina McBride

LOTTERY GAMING
FACILITY
REPORTS/ITEMS; KANSAS
STAR
(E.2.a.)

Dan Ihm, General Manager, was not present at this meeting due to flooding in Mulvane. Mr. Ihm's report is detailed below:

- August 2016 admissions were down 9.5% from August 2015.
- August 2016 revenue numbers compared to August 2015:
 - Total gaming revenue down 4.4%
 - Slot coin-in (handle) down 6.6%
 - Slot hold up .28 points
 - Table game drop down 6.4%
 - Table game hold down .8 points
 - Poker room revenue up 19.9%
- Past events at the Kansas Star Casino Arena:
 - July 22 - Bellator MMA
- Upcoming events at the Kansas Star Casino Events Center:
 - September 9 – Trace Adkins
 - September 16 through 18 – U.S. Team Roping Championship
 - October 1 – Evolution Fighting Championship MMA
 - October 15 – Sara Evans
 - November 11 and 12 – National Finals Steer Roping

LOTTERY GAMING
FACILITY
REPORTS/ITEMS;
HOLLYWOOD CASINO AT
KANSAS SPEEDWAY
(E.3.a.)

Rick Skinner, General Manager, reported:

- August 2016 revenue numbers compared to August 2015:
 - Total gaming revenue was \$11.2 million, a decrease of \$430,000.00 or 3.7%
 - Table games revenue was \$1.5 million, an increase of \$237,000.00 or 19.6%

- Slot revenue was \$9.8 million, a decrease of \$667,000.00 or 6.4%
- The month of August featured the usual compliment of marketing promotions including point and entry multipliers and direct mail.
- The Wheel of Fortune Slot Tournament was held on August 2nd and 3rd, with the final on August 5th.

LOTTERY GAMING
FACILITY
REPORTS/ITEMS; KANSAS
CROSSING CASINO
(E.4.a.)

Doug Fisher, General Manager, introduced a few people who were in attendance at this meeting:

- Gary Mattson – HR Director of Kansas Crossing Casino
- Chad Bartelson – Security Director of Kansas Crossing Casino
- Bruce Christenson – Managing Partner w/Kansas Crossing Casino
- Greg Schwerdt – Schwerdt Design Group

Mr. Christenson spoke about the construction regarding the enhancement of structural improvements regarding tornado shelter at Kansas Crossing Casino. Mr. Mattson and Mr. Bartelson gave a presentation regarding the enhancement of structural improvements.

COMMISSION ITEMS –
OLD BUSINESS;
(F.)

There were no old business items.

COMMISSION ITEMS –
NEW BUSINESS;
(G.1.)

Brandi White, Director of Administration, Finance and Audit, and Kala Loomis, Director of Enforcement and Compliance with the Kansas State Gaming Agency, both presented budgets for fiscal years 2017, 2018, and 2019.

MOTION TO APPROVE
BUDGETS FOR FY17, FY18,
AND FY 19

Commissioner McKinney (Kessinger) moved to approve budgets for fiscal years 2017, 2018, and 2019 for the Kansas State Gaming Agency. Motion carried unanimously.

Commissioner Kessinger (McKinney) moved to approve budgets for fiscal years 2017, 2018, and 2019 for the Kansas Racing and Gaming Commission. Motion carried unanimously.

PUBLIC COMMENTS
(H.)

There were no public comments.

STAFF REPORTS
(I.1. and I.2.)

Michelle Neis, Enforcement Attorney, reported on the Voluntary Exclusion Program statistics for the month of August 2016.

Executive Director Brownlee reported:

- The KRGC is reviewing Kansas Crossing Casino's internal controls.
- The supervising agent with the KRGC at Kansas Crossing Casino will be starting work on Monday, September 12, 2016.
- The next meeting of the Kansas Racing and Gaming Commission will be October 14, 2016 at 10:00 a.m. in Topeka. Chairman Jones will not be present.

DISCIPLINARY REVIEW
PROCEEDINGS
(J.1.)

Michelle Neis, Enforcement Attorney, presented to the commission one KRGC case:

- Kenneth MacDonald – 2016-3014; Prior to this meeting, Mr. MacDonald signed a settlement agreement (pay a \$200.00 fine in lieu of an ordered two-day unpaid suspension).

MOTION TO UPHOLD DRB
SUMMARY PROCEEDING
ORDER

Commissioner Moses (Kessinger) moved to approve the Disciplinary Review Board's Settlement Agreement in the matter of KRGC case 2016-3014. Motion carried unanimously.

MOTION, EXECUTIVE
SESSIONS
(K.1., K.2.)

Chairman Jones moved for the commission to go into executive session for the purpose of (1) attorney/client privilege and (2) reviewing the list of confidential backgrounds for licensing. Those included in the executive sessions were the commissioners, executive director, general counsel, and director of security. The total time for the executive sessions was anticipated to be thirty minutes. No action is to be taken in executive session, and the subjects discussed are to be limited as previously described. A full record of this motion is to be maintained as part of the permanent record of the Kansas Racing and Gaming Commission. At the conclusion of the executive session, the meeting is to be continued in open session. Commissioner Moses (Kessinger) made a motion to adjourn to executive session. The motion carried unanimously and the meeting was adjourned to executive session at 11:00 a.m.

RECONVENE

The commission meeting returned to open session at 11:32 a.m. with all members present.

MOTION TO
CONDITIONALLY
APPROVE, DENY
REQUEST FOR
RECONSIDERATION AND
APPROVE LICENSE
APPLICATIONS
(L.1.)

Commissioner Kessinger (McKinney) moved to *conditionally approve* three license applications, *deny request for reconsideration* two license applications, and *approve* the remaining 106 license applications from the September 9, 2016 list of background reports referred to the commission for action. Motion carried unanimously.

ADJOURN
(M.)

Commissioner Kessinger (McKinney) moved to adjourn the meeting. Motion carried unanimously. The meeting adjourned at 11:34 a.m.

SUBMITTED BY:

(Signature on file)
Jan Kessinger
Secretary

APPROVED BY:

(Signature on file)
Dennis McKinney
Vice-Chairman